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## 2023 CAPITAL BUDGET BRIEFING NOTE

### Projected 2022 Capital Budget Spend for All Waterfront Revitalization Initiative Projects and Potential Impacts of Capital Needs Constraints

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#### Issue/Background:

This briefing note provides supplementary information related to the proposed 2023 Waterfront Revitalization Initiative Capital Budget consistent with Budget Committee's request, related to:

- Projected 2022 capital spend for all projects, and explanation for the delay or underspending for any projects where projected 2022 spend is lower than planned, and,
- Potential impacts of the five unmet projects (Capital Needs Constraints) to the Waterfront's revitalization (impacts to timeline) and ability to attract private-sector investment (economic impacts).

#### ***Projected 2022 Capital Spend***

Capital spend rates and year-end projections for all City Divisions and Agencies are reported to Council on a quarterly basis through Corporate variance reports.

On December 14, 2022 City Council considered EX1.6 Capital Variance Report for the Nine months Ended September 30, 2022, which included projected spending for capital projects within the Waterfront Revitalization Initiative. See the link below:

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX1.6>

Appendix 5 of the Capital Variance report includes the 2022 Q3 Capital Variance Dashboard by Program and Agency, see the link below:

[Appendix 5 2022 Q3 Capital Variance Dashboard by Program and Agency.xlsx \(toronto.ca\)](#)

Further information on projected 2022 capital spend rates is detailed below:

1. For Port Lands Flood Protection, \$95.223 million in City of Toronto spending has been deferred from 2022 to 2023 and 2024. Federal and Provincial funding was sufficient to cover project costs in 2022; as a result, no funding was required from

the City in 2022. \$31.0 million of the \$95.223 million budgeted for 2022 will be deferred to 2023. The remaining \$64.223 million will be deferred to 2024.

2. For Bathurst Quay Public Realm, a detailed design for a new public waterfront park and plaza at 5 Eireann Quay has been completed. PF&R staff anticipate a Spring 2023 construction start. Construction will be on-going during 2023 and will be completed in 2024. Spending in 2022 was behind due to the need for co-ordination with two other significant capital projects underway on the same property, therefore limiting space and access, resulting in a year end projected spend of \$200.0 thousand.
3. For Precinct Implementation Projects, the construction of the East Bayfront Community Centre is a multi-year project that commenced in October 2020. Completion has been delayed to 2025 due to supply chain and labour issues related to the pandemic. This project is jointly funded under the Waterfront Revitalization Initiative and PF&R budgets. Waterfront Revitalization Initiative funding is to be spent first; staff anticipate it will be exhausted by the end of 2023. \$7 million of the 2022 planned budget was projected to be spent by year end.
4. For Transportation Initiatives, projected spending of \$0.5 million is anticipated for year end. Expenses related to Ordnance Park (10 Ordnance) and the South Stanley Park Extension (801 Wellington Street) (both components of the Garrison Crossing) was delayed due to ongoing negotiations (with the threat of expropriation) with Metrolinx. The Ontario Line will pass underneath a portion of the park and planning for the electrification of the Lakeshore East Line Go Expansion also had to be considered. The Ordnance Park project is jointly funded under the Waterfront Revitalization Initiative and PF&R budgets. Public engagement is underway with design work to be advanced in 2023; staff anticipate that construction will begin in 2024.
5. For Port Lands Planning and Implementation Studies, projected year end spending is \$1.7 million. City Divisions are working with CreateTO and Waterfront Toronto, related to the ongoing revitalization of Villiers Island and the Port Lands. Work is in progress and a considerable amount of spending is anticipated in 2023.

### ***Capital Needs Constraints***

Waterfront revitalization continues to drive significant economic benefits and contribute to the priorities of all three orders of government. Waterfront Toronto's 2020/21 Integrated Annual Report stated that since inception, investments are estimated to have created 20,765 years of construction employment, 5,000 permanent jobs, added \$2.7 billion of economic activity into the Canadian economy, and generated almost \$1.1 billion in tax revenues (primarily Provincial and Federal income taxes). These investments also triggered over \$15.5 billion of private sector investment in the waterfront.

In addition to the 10-Year Waterfront Revitalization Initiative Capital Plan of \$357.090 million tabled for 2023, staff have identified \$2.217 billion in capital needs constraints for the Port Lands as included in the Waterfront Revitalization Initiative's Budget Notes and reflected in the table below:

Capital Needs Constraints (In \$ Millions)													
Project Description	Total Project	Non-Debt Funding	Debt Required	Cash Flow (In \$ Millions)									
				2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>NOT INCLUDED</b>													
<i>Port Lands Infrastructure and Public Realm</i>													
<i>Transportation Infrastructure</i>	719.643	410.197	309.446	-	53.870	53.870	66.308	77.494	61.263	136.063	136.063	67.356	67.356
<i>Water Infrastructure</i>	99.361	59.619	39.742	-	9.598	9.598	9.598	9.598	6.032	8.023	19.301	20.649	6.964
<i>Stormwater Infrastructure</i>	612.346	367.407	244.939	-	19.570	22.627	22.627	22.627	19.571	19.571	232.691	233.492	19.570
<i>Community Infrastructure</i>	554.789	404.996	149.793	-	43.983	56.243	56.243	58.594	58.594	43.983	96.583	96.583	43.983
<i>Non Port Lands Infrastructure and Public Realm</i>	231.000	110.880	120.120	-			33.000	33.000	33.000	33.000	33.000	33.000	33.000
<b>Total Needs Constraints (Not Included)</b>	<b>2,217,139</b>	<b>1,353,099</b>	<b>864,040</b>	<b>0</b>	<b>127,021</b>	<b>142,338</b>	<b>187,776</b>	<b>201,313</b>	<b>178,460</b>	<b>240,640</b>	<b>517,638</b>	<b>451,080</b>	<b>170,873</b>

Four of the five identified unmet needs are for Port Lands Infrastructure and Public Realm projects. These projects, identified as part of the Port Lands + South of Eastern Transportation and Servicing Master Plan Environmental Assessment and the Port Lands Planning Framework, require \$1.986 billion to implement infrastructure in the Port Lands as the area undergoes renewal and is incrementally redeveloped over the next 50 years. They include community infrastructure and infrastructure for stormwater, transportation and municipal servicing. The fifth unmet need is \$231.0 million for other public realm and infrastructure projects to further the development of the Central Waterfront.

- The City has, together with the Provincial and Federal Governments, participated in two phases of waterfront revitalization, initiated in 2001 and 2016; both were funded through tri-government investment and led by Waterfront Toronto, working with City Divisions and other government agencies which totaled \$2.75 billion.
- City staff discussing the next phase of waterfront revitalization with the Provincial and Federal governments. Background on these discussions is addressed in two previous staff reports, through EX34.10 in July 2022 and EX27.6 in November 2021 with the recent decision and reports available here: [Agenda Item History - 2022.EX34.10 \(toronto.ca\)](#)  
[Agenda Item History - 2021.EX27.6 \(toronto.ca\)](#)
- City Staff will report further on the above in 2023. As reported to Council in July 2022, the next steps for Villiers Island and the Port Lands Implementation will feature prominently in future reports.
- Capital needs constraints for the Waterfront Revitalization are not reflective of current unmet needs but rather includes future projects in Villiers Island and the Port Lands, as well as other public realm and infrastructure projects in the Central Waterfront, East Bayfront, and West Don Lands precincts (such as Foot of Yonge Park, a portion of Queens Quay East and improved north-south connections under the Union Station East rail corridor).

Additional details on Capital Needs Constraints can be found on page 16 of the 2023 Budget Notes in the link provided below:

<https://www.toronto.ca/legdocs/mmis/2023/bu/bgrd/backgroundfile-230606.pdf>

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